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Subject: POLITICO's Morning Energy, presented by ExxonMobil: Democrats try to make GOP pay at the pump — Nukes out at PJM even as capacity prices double — Senate Appropriations marks up Energy-Water

By Kelsey Tamborrino | 05/24/2018 10:00 AM EDT

With help from Anthony Adragna and Eric Wolff

PUMP UP THE VOLUME: Days away from the Memorial Day weekend, gas prices are on the rise — and Democrats didn't have to look far for someone to blame. During a press conference in front of a notably pricey Exxon gas station, Democratic leaders blamed President Donald Trump's foreign policy decisions — including his move to reimpose sanctions on Iran — for the 50-cent-per-gallon surge in prices since he took office. "There's a straight line between Trump's policies and the price of gasoline," Sen. [Brian Schatz](#) told Pro's Ben Lefebvre and Anthony Adragna.

A page out of the Trump playbook: In pushing the blame onto Republicans, Democrats aren't breaking new ground. Trump himself called for former President Barack Obama's firing when in October 2012 gas prices hit "crazy levels." Republicans weren't surprised by the Democratic talking point, either. "Everyone's going to look for whatever political leverage they have going into an election," Sen. [Lisa Murkowski](#) said. "[But do] you think that Republicans created the high prices? No."

Roadblocks ahead: The Democratic message faces a big obstacle: Short of an energy crisis like the one President Jimmy Carter faced in his 1980 reelection campaign, it's tough to convince voters the president is to blame for expensive gas. Especially because the White House has little control over gas prices, which largely track the movement in global crude oil market prices. Energy market watchers say the price rally is largely due to moves by OPEC and Russia, in addition to the collapse of Venezuela's oil industry. [Read more.](#)

RELATED DOC: Trump has staffed his administration with oil and auto industry insiders, according to a new report from ethics watchdog group Public Citizen. The report breaks down industry influence by the numbers and finds 52 administration staff members have oil and gas ties, 15 with auto industry ties and 10 who have ties to both. Those industry ties are most concentrated at EPA, Interior and the White House. [Read the report.](#)

GOOD THURSDAY MORNING! I'm your host Kelsey Tamborrino. Congrats to the American Petroleum Institute's Khary Cauthen, who was the first to identify Franklin D. Roosevelt as the first president to have a state car custom built to Secret Service standards. For today: In what year did someone first attempt to jump the White House fence? Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter [@kelseytam](#), [@Morning_Energy](#) and [@POLITICOPro](#).

POLITICO and the South China Morning Post are partnering to expand coverage of U.S.-China relations. Read our note from POLITICO Editor-in-Chief John Harris and Editor Carrie Budoff Brown to [learn more.](#)

COMMENT PERIOD EXTENDED: EPA [extended](#) the comment period for its controversial "secret science" proposal that was set to end on May 30. The public will now have until Aug 16 to make their voices heard on the proposal to ban the use of studies that don't publicly disclose all data. EPA also said it would hold a public hearing July 17 in Washington on the proposal rule, heeding public requests to do so.

NUKES OUT OF PJM EVEN AS CAPACITY PRICES DOUBLE: PJM Interconnection, which manages the nation's largest power market, shed almost a third of its nuclear capacity in capacity auction results released yesterday for the 2021-22 delivery year. The auction, which provides extra payments to generators in return for staying available to run at any time, saw prices nearly double to \$140 per megawatt-day, and it will generate \$9.3 billion in revenue for companies with plants that cleared. Stu Bressler, PJM's senior vice president for Operations and Markets said prices rose because companies were trying to make up revenue lost to lower energy prices. "The offers from supply resources into the capacity auction take into account the actual as well as the anticipated energy revenues when they construct those offers in order to meet their required revenues," he told reporters Wednesday.

More megawatts cleared the auction for every other fuel type. Solar capacity quadrupled and wind added 529 MW, making up for ground lost in last year's auction. Coal added 500 MW compared to the previous auction, something that may catch the attention of the Department of Energy, which is trying to save coal plants. "The results of this auction should reassure everyone that the electricity markets are working and maintaining a reliable system," said Susan Buehler, a spokeswoman for the grid operator. "PJM has always said we don't believe there is any need for intervention."

Plenty of power: PJM continues to have far more power than it needs to meet reserve requirements. In 2021-22, it will have a 21.5 percent reserve, well above the 15.8 percent target. That reserve is actually down 2 points from the auction to supply power for 2020-21.

EVERY BILL GETS ITS DAY: The Senate Appropriations Committee will mark up its fiscal 2019 Energy-Water appropriation bill, which puts discretionary funding at \$43.8 billion — \$566 million more than this year's appropriation and \$7.2 billion more than the administration requested. The bill provides \$6.65 billion for the Office of Science — a \$390 million boost — and would increase funds for ARPA-E, which the White House has sought to eliminate. The committee will also consider so-called 302(b) allocations.

How it'll play out: Lamar Alexander is already eyeing how the Senate might move on the title in the coming weeks. "My guess would be two or three bills would come over from the House, Sen. [Mitch] McConnell could put those bills together, put them on the floor at once and allow amendments to them all," Alexander, who chairs the Energy and Water Subcommittee, told reporters. He added that 83 senators had provided input into his bill and that his subcommittee was able to address those suggestions "to some degree in almost every case."

If you go: The markup kicks off at 10:30 a.m. in 106 Dirksen.

BRIDENSTINE'S CLIMATE EVOLUTION COMPLETE: NASA Administrator Jim Bridenstine endorsed a major federal report that echoed the scientific consensus that human activity is the primary driver of climate change. Under questioning Wednesday from Sen. Brian Schatz, the former Oklahoma lawmaker said the National Climate Assessment "has clearly stated that it is extremely likely ... that human activity is the dominate cause of global warming and I have no reason to doubt the science that comes from that." Bridenstine agreed that his new position on the science constituted an evolution of his views and vowed to protect climate science work at the space agency. Keep in mind: The climate report in question is the same assessment Administrator Scott Pruitt sought to rebuff in his proposed "red team-blue team" debate. Watch the Bridenstine clip here.

WHEN WE LAST LEFT OUR HEROES: Top deputies across the Trump administration — including EPA Deputy Administrator Andrew Wheeler, Deputy Energy Secretary Dan Brouillette and USDA Deputy Secretary Stephen Censky — will meet today to try to resolve long-standing tensions over the Renewable Fuel Standard. The group will pick up where the president left off during his meeting on the topic last month, including the unfinished business of whether to allow biofuel exports to receive Renewable Identification Numbers, and whether to reallocate the gallons small refiners were exempted from blending under economic hardship waivers from EPA. A refining source previously told Pro's Eric Wolff the USDA is trying to capitalize on the controversies surrounding EPA and has been pressing the agency to move quickly on allowing year-round sales of 15 percent ethanol fuel.

And with small refinery exemptions on the table, ME will be looking to see how Wednesday's news that Marathon Petroleum asked EPA for an exemption plays out. Ahead of today's meeting, the ethanol and biofuel trade association Growth Energy released a statement that called out the "flood of illegitimate waivers" and their resulting "'demand destruction' for U.S. farmers at a time when rural communities can least afford it."

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BIODIESEL WANTS MORE: Biodiesel producers think EPA should crank up the biodiesel requirement, not leave it flat, as POLITICO reported yesterday. "These rumored numbers are disappointing," Kurt Kovarik, VO for federal affairs for the National Biodiesel Board said in a statement. "Holding biomass based diesel flat is a missed opportunity to signal growth, which is what the RFS is intended to do. ... The easiest way to fix this and turn around growing dissatisfaction among rural voters is to provide growth to the biodiesel industry and increase this number."

STILL WORKING: John Cornyn, the Senate's No. 2 Republican, said he continues to have discussions on his legislation to overhaul the Renewable Fuel Standard "almost daily, certainly at the staff level," but wasn't sure the talks would bear fruit this year. "We keep making progress but the goal line still seems some ways away," he told reporters. "I'd love to solve the problem this year, but I just don't know."

CARB AND EPA HAVE A MEET: EPA and the California Air Resources Board met Wednesday to open negotiations on a single unified standard for fuel economy, following a White House meeting with automakers earlier in the month. EPA and the National Highway Traffic Safety Administration are threatening to try and revoke California's waiver, risking a lengthy court battle that could balkanize the auto market. "Today's conversations between Administration Officials and the California Air Resources Board were productive," EPA and the Department of Transportation said in a joint statement following the meeting. "We are fully supportive of an open dialogue that proceeds in an expedited manner. EPA and USDOT look forward to moving ahead on a joint proposed rule and receiving practical and productive feedback from all stakeholders."

MOVING QUICKLY: Senate EPW Chairman John Barrasso said Wednesday he's working to reach a time agreement with Democrats to speed floor consideration of a broad water infrastructure package S. 2800 (115) that cleared his panel unanimously earlier this week. Barrasso said it would "be great" to get the bill passed before the Fourth of July recess. His Democratic counterpart on the panel, Sen. Tom Carper, agreed it wouldn't take long for the Senate to complete its work on the bill: "I don't think we're going to need a week. We might need a day," he said.

N.J. GOV DEFENDS EXXON SETTLEMENT USE: New Jersey Gov. Phil Murphy defended using money from a \$225 million settlement with Exxon Mobil to help balance his state's budget. The Democratic governor told reporters he wasn't happy about the decision, but said the state had "been dealt a lousy hand." Environmental groups are appealing the settlement in the hopes of negotiating a new deal, Pro New Jersey's Danielle Muoio reports.

MAIL CALL! FINISH UP, FERC: A new letter from 16 Democratic senators calls on FERC to finish up its rule to allow distributed energy resources to connect to the grid. The letter, led by Sheldon Whitehouse and Ed Markey, concerns the integration of DERs and renewable aggregators into capacity and energy markets. "This will enable consumers to play a central role in strengthening reliability and avoiding unnecessary costs by supplying localized energy services," the senators write. Read the letter.

REPORT: TRIBAL COMMUNITIES AT RISK: The Clean Air Task Force published a new brief Wednesday on the adverse health effects from oil and gas pollution on tribal lands. The report, which looked at lands in New Mexico, North Dakota and Utah, found that Native Americans face disproportionate health risks from living near sources of pollutants, such as VOCs, NOx and resultant smog.

WHAT'S HAPPENING IN COLORADO? The Colorado Association of Commerce and Industry and the National Association of Manufacturers will host an event today with former Interior Secretary and Colorado Attorney General Gale Norton, focusing on the Boulder, Colo., climate lawsuit against energy manufacturers over their role in contributing to climate change. Ahead of the event, Independent Petroleum Association of America's Energy in Depth is launching a digital ad buy in the state on the opposition against the lawsuit. Watch the video.

THANKS, CHARLIE: Citizens for Responsible Energy Solutions will announce a \$185,000 television and digital ad buy today, thanking Massachusetts Gov. Charlie Baker for his actions addressing climate change and on clean energy solutions. The ads will run across the state and encourage residents to thank Baker for his leadership.

MOVER, SHAKER: Van Ness Feldman announced Wednesday that Jason Larrabee, former Interior principal deputy assistant secretary for fish and wildlife and parks, has joined the firm as a senior policy adviser.

QUICK HITS

- Critics: EPA can't keep prior fuel economy data in its blind spot, Bloomberg BNA.
- Coal company claims bank did not allow it to make loan payments, S&P Global.
- Zinke, Burgum tout innovation over regulation at oil conference, Bismarck Tribune.
- How more carbon dioxide can make food less nutritious, The New York Times.
- New documents show why Pruitt wanted a "campaign-style" media operation, Mother Jones.

THAT'S ALL FOR ME!

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